# U.S. Games Market Dynamics

## Q4 2022

COMPLIMENTARY REPORT PREVIEW

Copyright 2023. The NPD Group, L.P. All Rights Reserved.
This presentation is **proprietary and confidential** and may not be disclosed in any manner, in whole or in part, to any third party without the express written consent of NPD.

# U.S. Games Market Dynamics


3 | Executive Summary

11 | Player Engagement Tracker and PlayerPulse Snapshot

18 | Total Industry Spending

27 | Content Performance

43 | Hardware Performance

53 | Accessory and Digital at Retail Performance

68 | U.S. Physical Outlook

71 | Methodology and Guidelines


**Content included in the full version of the report**

# Q4 2022 Key Takeaways

## Spending increased 2% compared to Q4 2021. 2022 ended 5% below 2021.

**$18.1B**

### Q4 2022 TOTAL INDUSTRY SPEND

Several segments grew spending as market performance stabilized.

**-8%**

### MOBILE CONTENT DECLINES CONTINUED

$ B in Q4 content spending compared to $ in Q4 2021.

**+21%**

### HARDWARE GROWTH DRIVEN BY PS5

Dollar sales of Sony's console nearly doubled compared to Q4 2021.

**+4%**

### SUBSCRIPTION GROWTH EASED IN Q4

2022 annual growth in non-mobile subscription spending finished 10% higher than 2021.

**#1**

### PLAYSTATION 5 HARDWARE

Ranked first among all hardware platforms in both unit (3.1M) and dollar ($ M) sales in Q4.

**+0%**

### ASSESSORY SPENDING STABILIZED

Q4 was the first quarter since Q1 2021 that did not decrease in accessory spending.

# U.S. Games Market Dynamics

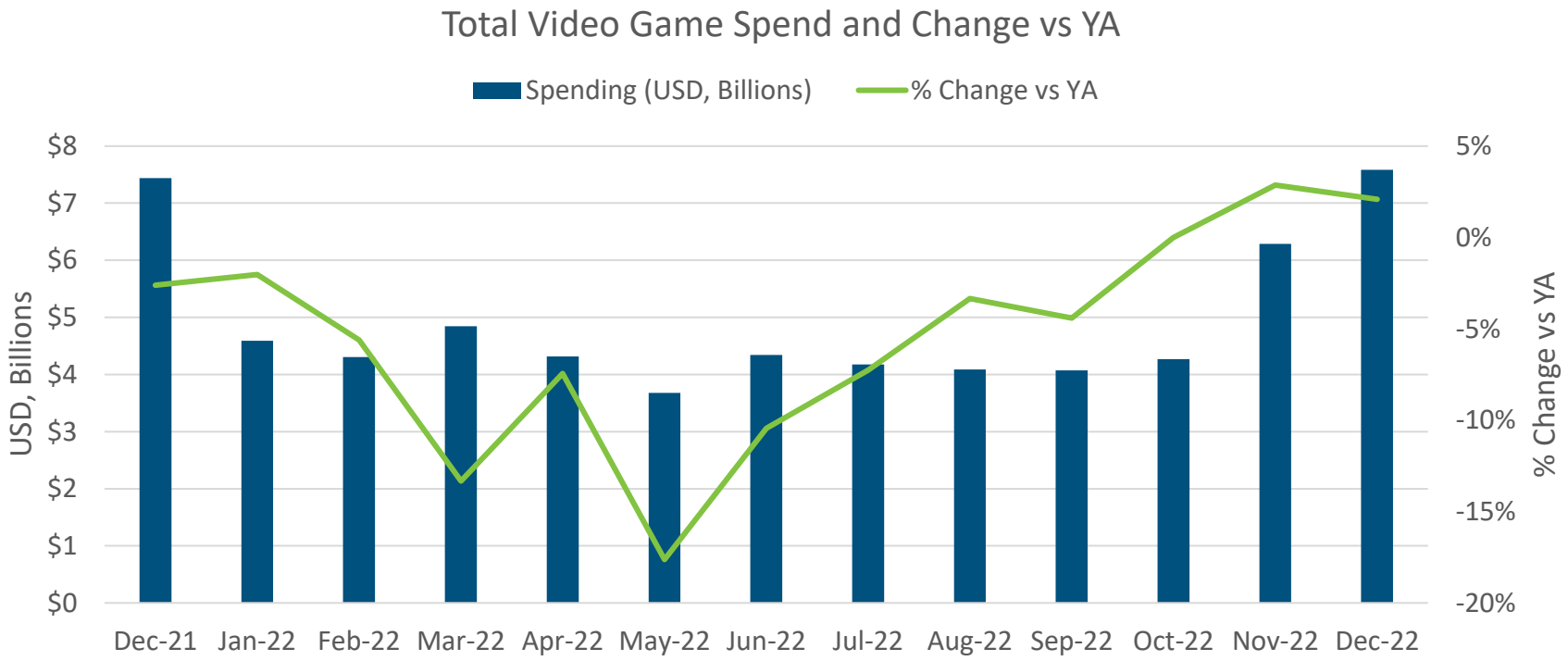
## Q4 2022 Executive Summary, USD Millions

| U.S. GMD Total Market Spend Summary | Q4 2019 | Q4 2020 | Q4 2021 | Q4 2022 | Chg | % Chg |
|---|---|---|---|---|---|---|
| **Total Content** | **$11,446** | **$14,304** | **$14,222** | **$13,989** | **$ (233)** | **-2%** |
| **Console & Portable Content** | **$** [illegible] | **$** [illegible] | **$** [illegible] | **$** [illegible] | **$** [illegible] | [illegible] **%** |
| Physical New | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | [illegible] % |
| Digital Premium Downloads | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | [illegible] % |
| Digital Add-Ons Spending | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | [illegible] % |
| **PC, Cloud and Non-Console VR Content** | **$** [illegible] | **$** [illegible] | **$** [illegible] | **$** [illegible] | **$** [illegible] | [illegible] **%** |
| Physical New | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | [illegible] % |
| Digital Premium Downloads | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | [illegible] % |
| Digital Add-Ons Spending | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | $ [illegible] | [illegible] % |
| **Subscription Content (Excluding Mobile Subscription)** | **$** [illegible] | **$** [illegible] | **$** [illegible] | **$** [illegible] | **$** [illegible] | [illegible] **%** |
| **Mobile Content (Including Movile Subscription)*** | **$** [illegible] | **$** [illegible] | **$** [illegible] | **$** [illegible] | **$** [illegible] | [illegible] **%** |
| **Video Game Hardware** | **$ 2,045** | **$ 3,049** | **$ 2,653** | **$ 3,212** | **$ 559** | **21%** |
| **Video Game Accessories** | **$ 898** | **$ 1,028** | **$ 938** | **$ 941** | **$ 4** | **0%** |
| **Total Industry Consumer Spend** | **$14,389** | **$18,381** | **$17,812** | **$18,142** | **$ 330** | **2%** |

*Source: The NPD Group/Games Market Dynamics*

# Projected U.S. Total Market Spending

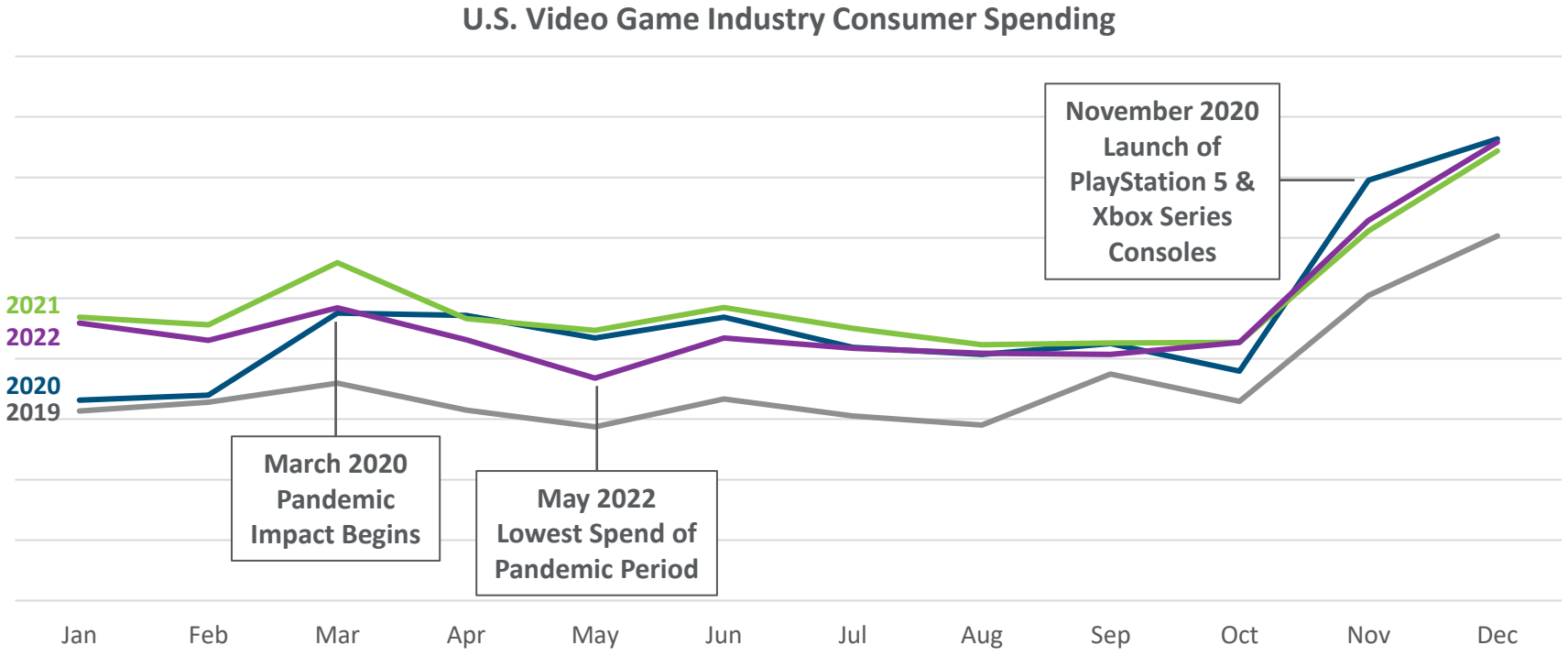
## Rolling Consumer Spending by Month, USD Billions




*Source: The NPD Group/Games Market Dynamics*

# Projected U.S. Total Market Spending

## 2019 – 2022 Trend

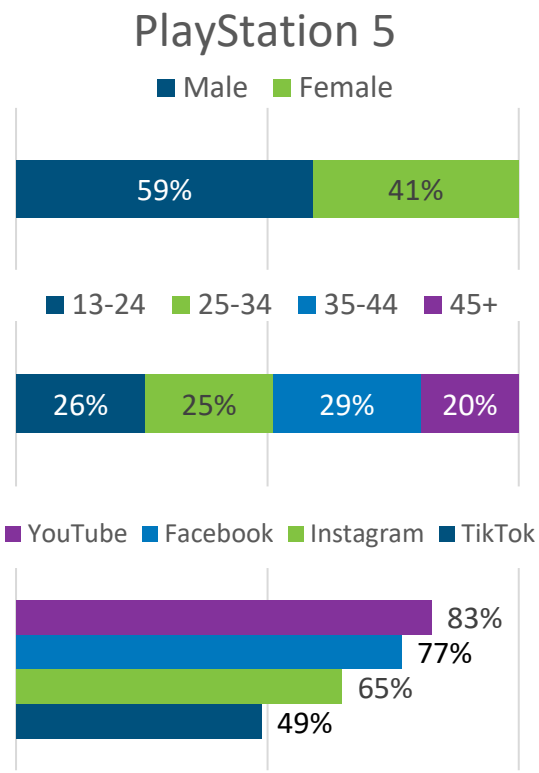


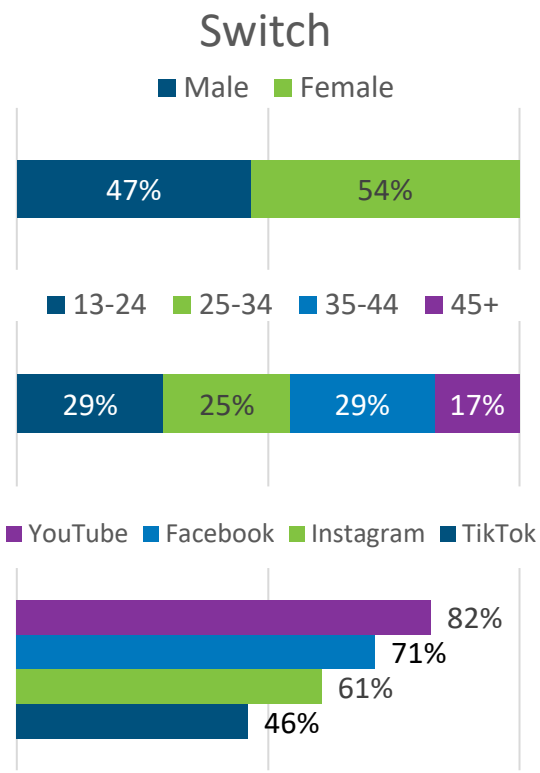

*Source: The NPD Group/Games Market Dynamics*

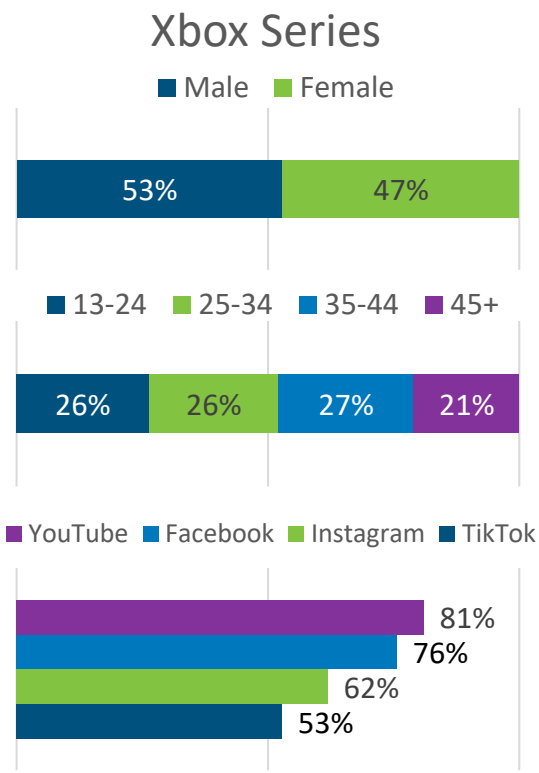
# Player Engagement Tracker and PlayerPulse Snapshot

2

# Q4 2022 Console Owner Demographics (Ages 13+)



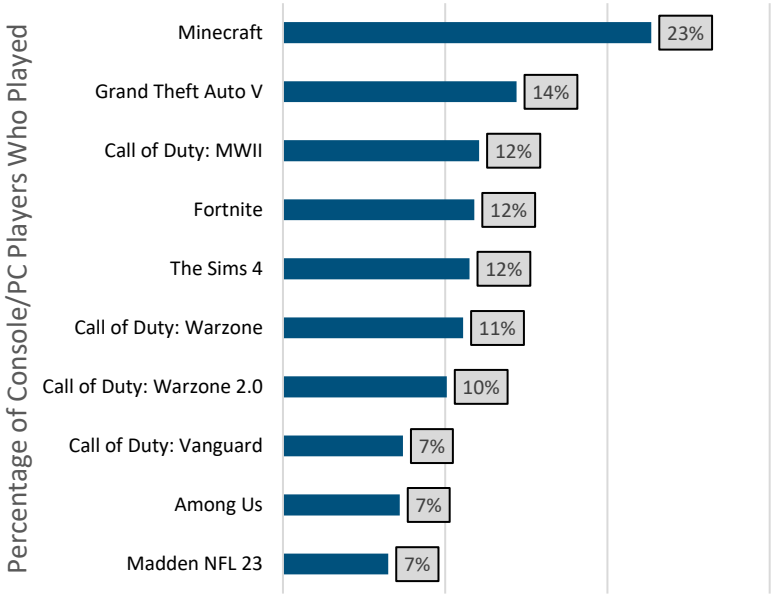



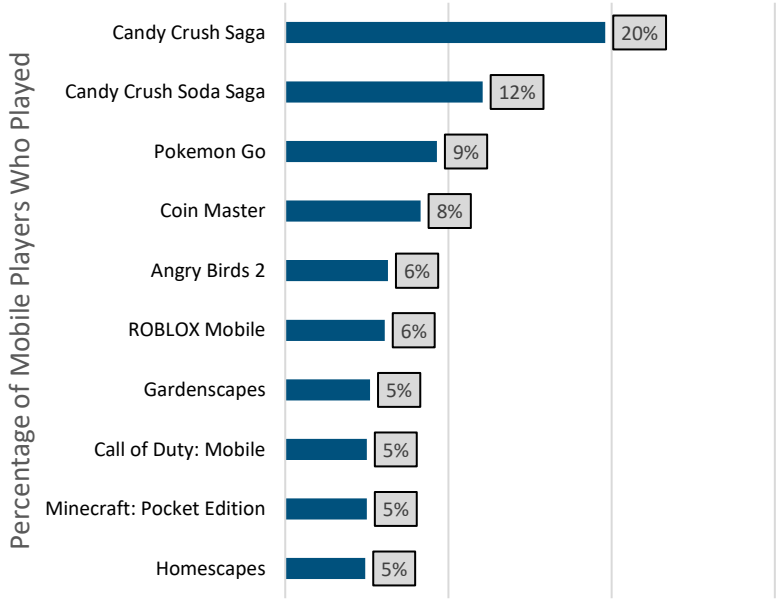

*Source: The NPD Group/PlayerPulse*

# Q4 2022 Top 10 Games Played

Top 10 Console/PC Games Played in Past Month



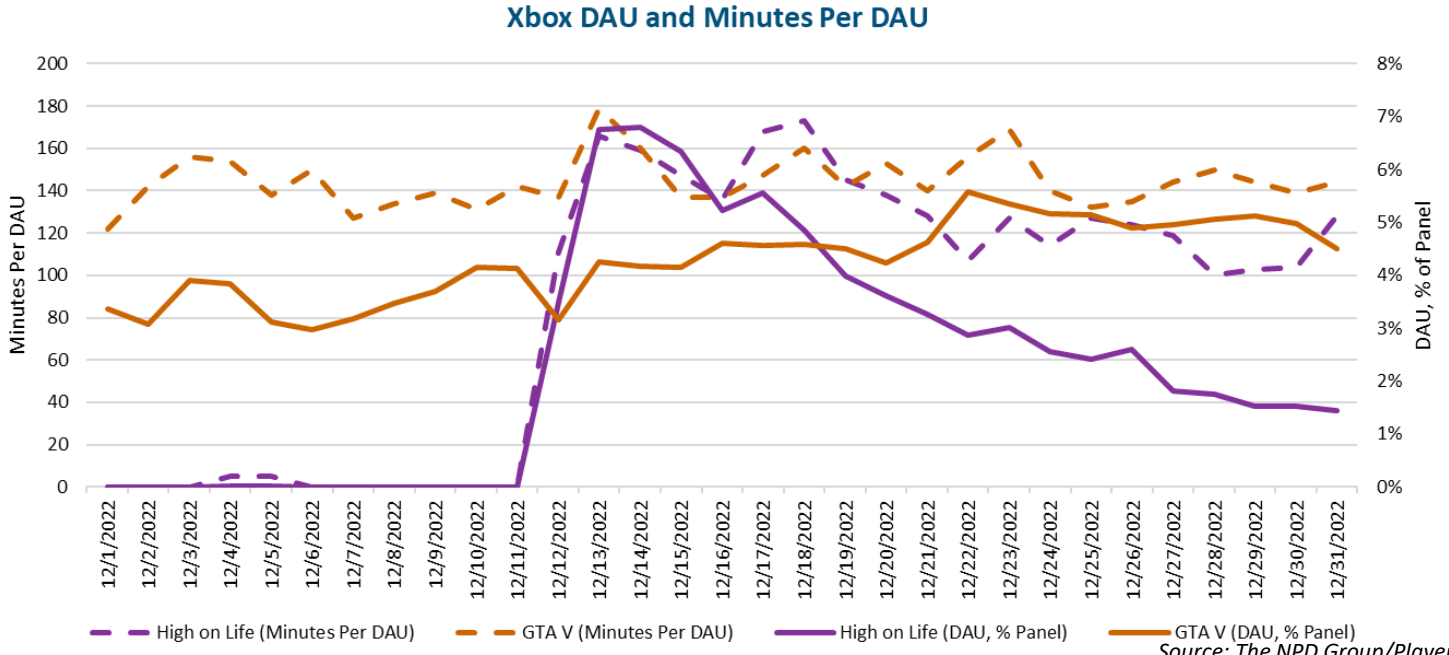

Top 10 Mobile Games Played in Past Month




*Source: The NPD Group/PlayerPulse*

# Player Engagement Tracker — *High on Life*

***High on Life*** **launched on Xbox Game Pass on December 13. It quickly rose to become the top title on Xbox Game Pass and one of the top titles overall for the platform, entering the top five for daily active users (DAU) among top titles like *Grand Theft Auto V* (which also grew steadily as the holidays approached). While many high-profile Game Pass titles have performed well by user counts, *High on Life* was particularly impressive for two reasons. First is the magnitude of player volume. *High on Life* released almost halfway through December and was played by over 21% of NPD's Xbox panel. Second, unlike many free titles, players didn't quickly churn off *High on Life*. Average minutes per DAU were competitive to *Grand Theft Auto V*, and retention for the title was higher than previous premium Game Pass releases, such as *Twelve Minutes*.**




*Source: The NPD Group/Player Engagement Tracker*

# Q4 2022 U.S. Physical Video Games Top Sellers

| Rank | Top 10 Software Titles Ranked on Dollar Sales | Units (000) | Spend ($M) | ASP |
|---|---|---|---|---|
| 1 | Pokemon: Scarlet/Violet | | $ | $ 66 |
| 2 | Call of Duty: Modern Warfare 2 (2022) | | $ | $ 67 |
| 3 | God of War: Ragnarok | | $ | $ 77 |
| 4 | Madden NFL 23 [EA Sports] | | $ | $ 35 |
| 5 | Sonic Frontiers | | $ | $ 44 |
| 6 | NBA 2K23 | | $ | $ 37 |
| 7 | FIFA 23 [EA Sports] | | $ | $ 34 |
| 8 | Mario Kart 8 | | $ | $ 51 |
| 9 | Mario + Rabbids: Sparks of Hope | | $ | $ 48 |
| 10 | Animal Crossing: New Horizons | | $ | $ 45 |

| Rank | Top 5 Hardware Platforms Ranked on Dollar Sales | Units (000) | Spend ($M) | ASP |
|---|---|---|---|---|
| 1 | PlayStation 5 | | $ | $ 530 |
| 2 | Nintendo Switch | | $ | $ 300 |
| 3 | Xbox Series | | $ | $ 355 |
| 4 | Arcade | | $ | $ 312 |
| 5 | PlayStation 4 | | $ | $ 340 |

| Rank | Top 5 Accessories Ranked on Dollar Sales | Units (000) | Spend ($M) | ASP |
|---|---|---|---|---|
| 1 | PS5 DUAL SENSE WIRELESS CONTROLLER MIDNIGHT BLACK | | $ | $ 60 |
| 2 | XBO ELITE SERIES 2 WIRELESS CONTROLLER | | $ | $ 166 |
| 3 | PS5 DUAL SENSE WIRELESS CONTROLLER STARLIGHT BLUE | | $ | $ 60 |
| 4 | XBO WIRELESS CONTROLLER CARBON BLACK | | $ | $ 43 |
| 5 | PS5 DUAL SENSE WIRELESS CONTROLLER GRAY CAMO | | $ | $ 57 |

*Source: The NPD Group/Retail Tracking Service*

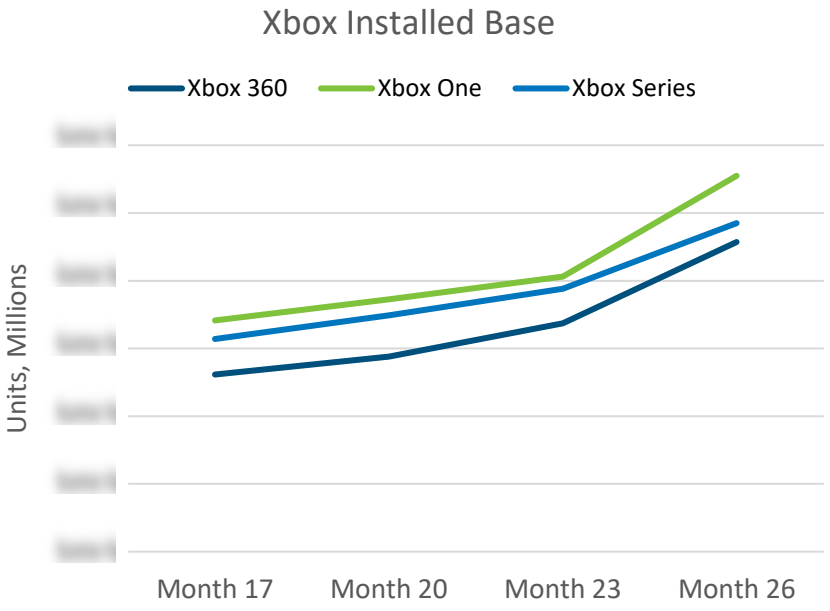
# Q4 2022 Content — Physical Top 10 Publishers by Spend

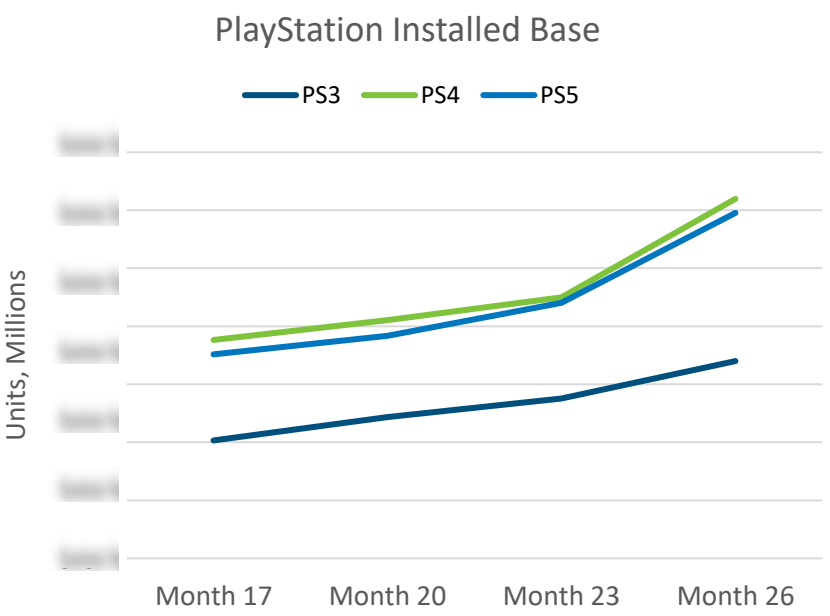
| Rank | Top 10 Publishers - Physical SW Q4 2022 | Spend ($M) | Dollar Share | Share Chg vs YA |
|---|---|---|---|---|
| 1 | Nintendo | $ [illegible] | [illegible] | (4.8) |
| 2 | Activision Blizzard (Corp) | $ [illegible] | [illegible] | 3.3 |
| 3 | Sony (Corp) | $ [illegible] | [illegible] | 5.2 |
| 4 | Electronic Arts | $ [illegible] | [illegible] | (0.4) |
| 5 | Take 2 Interactive (Corp) | $ [illegible] | [illegible] | 1.1 |
| 6 | Sega | $ [illegible] | [illegible] | 1.8 |
| 7 | Ubisoft | $ [illegible] | [illegible] | (2.7) |
| 8 | Warner Bros. Interactive | $ [illegible] | [illegible] | (0.3) |
| 9 | Bandai Namco Entertainment | $ [illegible] | [illegible] | 0.6 |
| 10 | Square Enix Inc (Corp) | $ [illegible] | [illegible] | (0.3) |

*Source: The NPD Group/Retail Tracking Service*

# Hardware – Installed Base Comparison

## PlayStation 5 trails PlayStation 4 installed bases 4%, while Xbox Series trails Xbox One 13%.

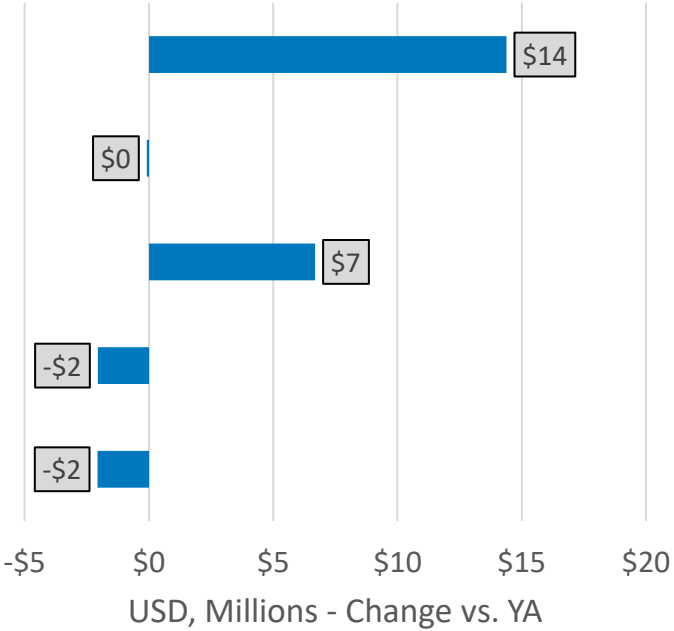


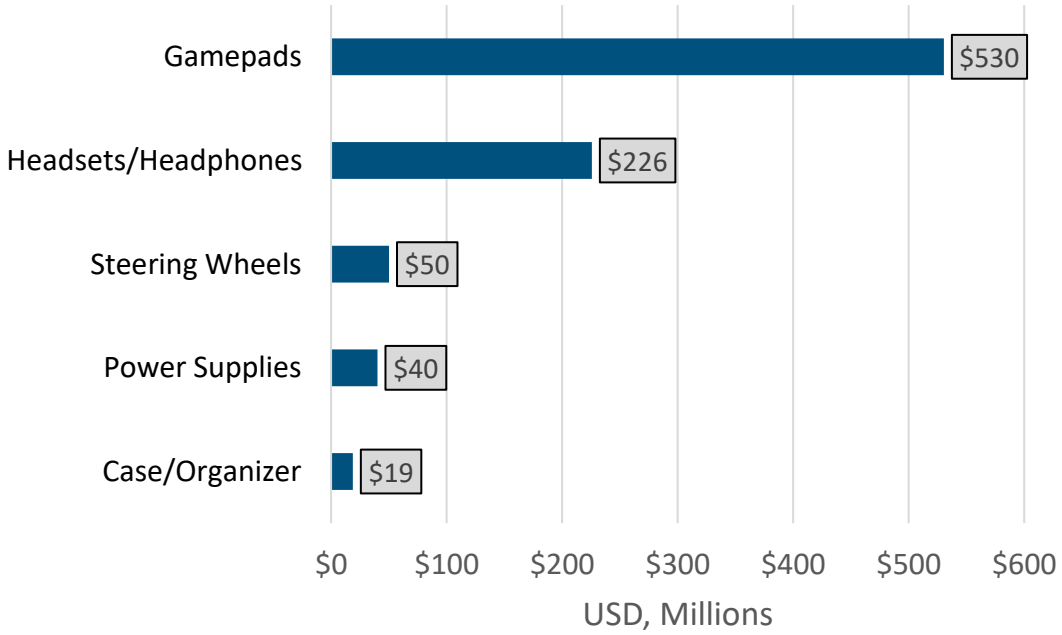




*Source: The NPD Group/Retail Tracking Service*

# Q4 2022 Accessories Spending by Type

## Gamepad spending increased 3% compared to Q4 2021. Steering wheel sales grew 15%. Headset/headphone spending was flat.

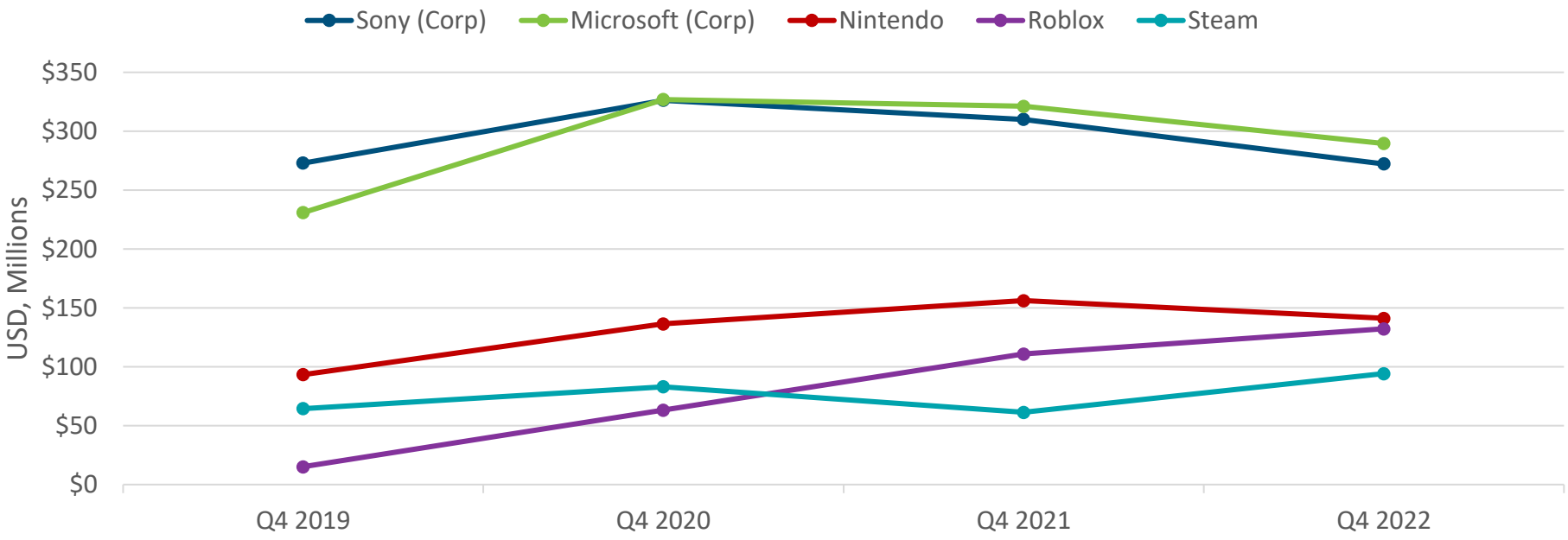



*Source: The NPD Group/Retail Tracking Service*

# Q4 2022 Digital at Retail Ecosystem Spend Trend

## Steam (+54%, $94M) and Roblox (+19%, $132M) each grew double-digit percentages during Q4 versus Q4 2021.




*Source: The NPD Group/Retail Tracking Service*

# Methodology and Guidelines

# U.S. Games Market Dynamics

## Methodology

**U.S. Games Market Dynamics** provides a comprehensive measure of consumer spend on video games in the U.S., including purchases of hardware, content, subscriptions, and accessories.

It is released quarterly, providing insight and trends on the broader consumer spend on the industry. It covers new physical format sales and digital format sales, including games, downloadable content, and subscriptions across console, cloud, mobile, portable, PC, and virtual reality.

This assessment of the broader consumer spend on the industry uses NPD's monthly point-of-sale tracking data, as well as consumer data from other NPD trackers, monitors, and reports. Mobile sales data is provided by Sensor Tower.

# Methodology: Definitions and Primary Sources

## PHYSICAL FORMATS:

- **New Physical**

  New physical sales of hardware, software, and accessories as covered and reported in NPD's Retail Tracking Service (format: physical).

  *Primary Source: The NPD Group/Retail Tracking Service*

## DIGITAL FORMATS:

- **Digital**

  Includes digital full games and downloadable content for PC, console, cloud, portable, and VR platforms.

  *Primary Sources: Digital point-of-sale data, GamePulse®, publicly disclosed financial statements*

- **Subscriptions**

  Consumer spend on subscriptions-to-console and PC services, casual game sites, and MMO games (format: digital).

  *Primary Sources: PlayerPulse, publicly disclosed financial statements*

- **Mobile**

  Includes digital full games, downloadable content, and gaming subscriptions.

  *Primary Source: Sensor Tower*

# PR/IR Policies and Client Guidelines

Clients are encouraged to source U.S. Games Market Dynamics in their external communications, including financial presentations, earnings calls, and press releases.

NPD offers help in identifying insights and data points to support client external messaging. Please contact your account manager or Executive Director, PR, David Riley at david.riley@npd.com.

Data points available for use in external communications include:

- Total consumer spend in the U.S., plus trending versus prior quarters and years.
- Total consumer spend on the following individual supercategories: hardware, software, and content, plus trending.
- Total consumer spend on total digital content sales, plus trending (digital full game and add-on content downloads, subscriptions, and mobile apps combined).
- Total consumer spend on content outside of new physical retail POS, plus trending (digital PC, digital video games, mobile apps, and subscriptions combined).
- Trending only for the individual pieces of the content spending outside of new physical (you can reference a percentage change versus a prior period for mobile apps, but not the absolute value of mobile app spending). For exceptions, please contact your account manager or David Riley.

Clients are strongly encouraged to submit data points to NPD before using to ensure they are used in the proper context.

# QUESTIONS?

Mario Gomes
619-838-4489
mario.gomes@npd.com